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CALEDONIAN SLEEPER LIMITED (CSL)

MINUTES OF BOARD MEETING

Wednesday 29 October 2025, 13.00 – 16.10
Pacific House / Microsoft Teams

Present:	Hannah Ross – Chair Graham Kelly - Managing Director Graham Eastwood - Operations Director Sam Price - General Counsel Hugh Anderson – Finance Director Carolyn Griffiths – Non-Executive Director and Chair of SHEC* Neil Amner – Non-Executive Director, Company Secretary and SRH General Counsel
In Attendance:	Jackie Robertson - SRH Rail Management Lead Amanda MacLellan – SRH People and Culture Director (for item 10) [redacted] – Board Secretary
Apologies:	None

Agenda Item 1: Welcome

1. The Chair welcomed everyone to the meeting.

2. The Chair said that Mike Bagshaw, SRH Non-Executive Director, had been appointed to the SRH Audit and Risk Committee and he would also be a member of the CSL Audit and Risk Committee.

Agenda Item 2: Apologies and Quorum

3. The meeting was quorate.

Agenda Item 3: Declaration of Interest

4. There were no declarations of interest.

Agenda Item 4: Minutes of previous meeting

5. The Board approved the minutes of the meeting held on 1 October 2025 subject to amendment at paragraph 36 to note the next stage of the work on the long-term market growth strategy, and a minor drafting amendment at paragraph 52.

Agenda Item 5: Actions and Matters Arising

6. At the meeting on 1 October 2025, the Board discussed changing the registered office address. SRH General Counsel said that CSL General Counsel should let him know when the preparatory work is completed for this to be actioned and he will make arrangements for the relevant filings to be made with Companies House. The Board resolved that the registered office be changed at that time from the Company's Inverness address to its Glasgow office address.

7. Carolyn Griffiths referred to paragraph 29 of the minutes of the meeting on 1 October 2025 and asked for her

request to receive the data on CO_2 emissions per train kilometer to be added to the action tracker. She also referred to paragraph 51 of the minutes and asked for the action regarding the Euston station platform to be added to the action tracker.

8. The Board considered the list of actions arising from previous meetings.

Action 61/2025: TSA and TSSSA

The Board noted that the TSA and TSSSA paper to issue a Prior Information Notice (PIN) for market engagement was approved by the SRH Board at its meeting on 22 October 2025. The Managing Director said that the PIN would be submitted to the CSL Board for approval prior to issue and Transport Scotland would also be informed prior to issue.

Action 65/2025: Staff absence numbers

Carolyn Griffiths confirmed that the data she had requested was the number of people that the number of absence days is attributed to. The Managing Director said that he would provide this for the next Board meeting.

Action 66/2025: [redacted]

[redacted]

Action 67/2025: Patronage graphs and room availability

Carolyn Griffiths said that the information she was looking for was a graph showing the number and cost of the rooms that are not sold, the number of rooms kept as contingency, and the number of rooms unavailable due to defects. The Operations Director said that this will be covered in the short-term market growth initiatives that will be submitted to the next meeting of the Board.

Action 71/2025: Safety audit plans

The Board noted that the Chair of the Audit and Risk Committee had been asked for his views on whether the safety audit plans considered by SHEC should be submitted to the Board as part of the strategic audit plans.

Action 72/2025: Lessons learned review secondary retention

The Operations Director said that the scope for the lessons learned review is being drafted. The Managing Director said that a meeting will be arranged to discuss the scope in due course.

9. The Board agreed to close actions 46/2025, 62/2025, 68/2025, as these had been completed or were covered under the agenda.

Agenda Item 6: Grant Agreement Report

10. The Board considered the Grant Agreement report.

11. The Managing Director highlighted the following for the Board:

- Safety KPIs are strong, but the figures are still being impacted by the Euston incident last year and as this starts to drop off the graphs the trends will be moving in the right direction;
- Right Time performance in the period had increased from the previous period but was short of target while MAA remained ahead of target. The amendment to the operating instruction for the brake overcharge process has delivered a positive impact on operational performance;
- Boarding performance has shown a significant increase which is testament to the focus that CSL has had on the causation analysis and action plan;

- Guest satisfaction remains strong; and
- The launch of the new route through Birmingham International Airport has been very successful and has shown high social media engagement. Sales are showing [redacted] in revenue to date.

12. The Operations Director said that the materials for the secondary retention system were received on 24 October and the first inclass fitment was undertaken on 27 October which required a few modifications. He said that there are 600 positions to be fitted, and he would provide feedback on progress to the Board.

13. Carolyn Griffiths said that it has taken a long time to get to secondary retention system fitment stage for reasons discussed previously at the Board. She said that there will be a lesson learned review as requested by SRH Board, and in relation to the risks being as low as reasonably practicable (ALARP), fitment of the secondary retention system needs to be done as quickly as possible. The Board noted that the current estimated timescale for completion of the secondary retention fitment was end November.

14. The Chair asked for an update on the work to confirm the design life of two years for the interim modification. The Operations Director said that the output from the instrumented running shows parameters within limits but there is no specific data to suggest that it would be less than the design criteria. He said that this will be discussed with CAF to ascertain if there is any material difference to the two-year design life.

15. The Operations Director said that work is continuing on non-destructive testing (NDT) to go deeper into the metal as a further mitigating action to identify any additional cracking. He said that as an estimate this work would take around three months to complete and internal financial approvals were being progressed for the work to proceed. He said that the independent report from Aegis is expected in November which will be shared with the Board.

16. The Operations Director said that since the last meeting of the Board cracking at the anti-roll bar had been identified through NDT on another coach and this had been rectified through interim modification fitment.

17. The Chair referred to the work that was ongoing in relation to water quality and asked if this would resolve the issues that affect berth availability and guest experience or if there would be additional actions to be taken. She asked how the Board would have visibility of reduced berth revenue availability due to continuing water issues. The Operations Director said that the current work will better the system, but this cannot yet be quantified as there is no consistent problem across all depots.

18. The Board discussed the water sampling frequency and the actions taken in the event of adverse sampling results. The Board agreed that the work being undertaken to address the water quality issues should be given time to embed and an analysis of the work on the effect of guest experience and berth revenue should be provided to the Board in April 2026.

19. Carolyn Griffiths said that Mike Bagshaw, SRH Non-Executive Director, had raised at the SRH Board the issue of CSL operational performance having a negative impact on ScotRail performance and asked if there are delays to ScotRail whether data is available for this.

20. The Managing Director said that there is no daily metric currently available to look at delays caused to ScotRail and Network Rail will intervene if a train operator is causing material delays to other train operators. He said that the issues at Edinburgh with shunters and the brake overcharge process have caused delays, but these are being resolved. He said that he would like some time to review the delays caused by CSL to other operators and the delays other operators cause for CSL and take a meaningful approach to producing data on this. The Board noted that (under the standard Schedule 8 compensation regime common to the industry) there was no direct financial penalty for any delays caused by CSL to other train operating companies.

21. The Chair noted that from an SRH group perspective CSL should do all it can to minimise any delay to ScotRail services and asked the SRH Rail Management Lead to work with CSL to monitor this. SRH General Counsel said that if specific problems are identified there may be an opportunity to build in possible resolutions in the locomotive procurement project.

22. The Board discussed the staffing position and noted that the number of leavers was in part due to the IT transition team being temporary appointments and the terms having expired as the project came to a close. The Managing Director said that he would provide the data on the number of leavers who were not part of the IT transition project. He said that he was also introducing a new exit interview system to gain better insight into the reasons why staff decide to leave the business to inform continuous improvement.

23. In relation to quality control and minor defects that should have been picked up prior to a train departure, the Operations Director said that work is ongoing, and he would report to the next meeting of the Board on this.

24. In relation to body worn cameras, the Managing Director said that meetings have been held with the Trade Unions to finalise the policy and training videos have been developed. He said he would provide an update on this at the next meeting of the Board.

Agenda Item 7: CAF Strategy Implementation Plan

25. The Board considered the strategic implementation plan for CSL to achieve with CAF final acceptance and fleet delivery until 2030.

26. The Operations Director said that the actions listed under the Manufacture and Supply Agreement (MSA) are the major items to be agreed and the actions under the Technical Support and Spares Supply Agreement (TSSSA) are the business as usual items to be agreed. The Board discussed the plan and noted the following:

- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]

27. The Managing Director said that the purpose of the implementation plan is to unlock all potential opportunities to gain significant savings. He said that this also ties in with the TSA/TSSSA market engagement exercise. The Board

approved the implementation plan noting that any material contract, commercial and dispute matters will be submitted to the Board for discussion and approval.

Agenda Item 8: Financial Approvals

28. There were no financial approval requests for the Board to consider.

Agenda Item 9: Locomotive Replacement Oversight Group (LROG) Terms of Reference

29. The Board considered the terms of reference for LROG. SRH General Counsel said that the terms of reference had been considered and approved by the SRH Board at its meeting on 22 October 2025 subject to some amendments which had been included.

30. The Board noted that the timelines for the stage gate reviews and LROG meetings would be reported to the Board at its monthly meetings. The Board approved the terms of reference.

Agenda Item 10: People Strategy Activity Plan

The SRH People and Culture Director joined the meeting.

31. The Board considered the plan for 2025/26 under the People and Culture Strategy 2025 to 2030 which had been approved by the Board in August 2025.

32. The Managing Director said that an annual plan will be prepared under each year of strategy, for the Board's approval. He said that the plan for the remainder of 2025/26 has a lot of deliverables and targets recruitment, development, engagement, reward, HR operations, and diversity and inclusion. The SRH People and Culture Director said that she had worked closely with CSL in the preparation of the plan and she gave assurance to the Board that the plan is in line with the People strategy, is fit for the future and provides what is needed to provide clarity of purpose for the CSL team.

33. Carolyn Griffiths congratulated CSL on the plan and said that it gave her reassurance that the people strategy was being embedded in the organisation and that staff would have clear visibility of the importance that CSL places on its staff.

34. The Chair welcomed the plan and asked if there were adequate resources in place for deliverability. The Managing Director said that there were challenges with key staff absence, but he was working to ensure that required leadership would be in place. CSL General Counsel said that the outcome from the staff engagement survey would be a key focus for the leadership team.

The SRH People and Culture Director left the meeting.

Agenda Item 11: Birmingham Internation Airport Implementation Update

35. The Board considered the update on the new CSL service implemented at Birmingham International Airport.

36. The Operations Director said that as at 1 October 2025 sales had reached [redacted] which was in line with the projected revenue stated in the business case for this project, and a result of the successful advertising campaign. He

said that collaborative work was ongoing to resolve operational challenges in relation to platform lengths at Birmingham International station.

37. The Chair congratulated CSL on the successful launch of this new service.

Agenda Item 12: Quarter two Forecast

38. The Finance Director said that there was adverse revenue pressure from service delivery in the second quarter which had been off-set by the Network Rail performance regime, legal cost savings and staffing savings.

39. The Board discussed the adverse and favourable impacts to revenue. In relation to Network Rail performance compensation payments, the Board discussed whether there were additional categories of loss, for example, catering revenue, that were not accounted for in the compensation payments. The Finance Director said that visibility of Network Rail's recalibration of performance compensation payments is needed so that future impact can be assessed. In relation to staff costs, the Chair noted the savings and asked if this related to staff roles that needed to be filled. The Managing Director said that he was undertaking an in-depth review of the underspend on staff costs including the length of time taken to fill vacancies to ensure future budgeting and forecasting was aligned to the current state workforce establishment.

Agenda Item 13: Finance Report

40. The Board noted the finance report.

Agenda Item 14: Approvals Tracker

41. The Board noted the approvals tracker and noted that Transport Scotland had approved [redacted] CSL General Counsel said that follow-up work would be taken forward to implement the [redacted] initiative.

Agenda Item 15: Sustainability Maturity Tool Update

42. The Board noted the outcome from CSL's self-assessment under the RSSB sustainability maturity tool.

43. The Managing Director said that the self-assessment was good work that had been requested through SHEC and the results from the independent assessment verification would be available by 8 December. Carolyn Griffiths said that if the assessment is accurate then there will be a lot of work to undertake and CSL will have to give consideration to resourcing the work and the cost implications of this.

44. The Board noted that the work from the report would be driven by SHEC with actions on any aspects that do not fall within SHEC's remit to be escalated to the Board by the Executive Team.

Agenda Item 16: Committee Updates

45. The Board noted the draft minutes of the Audit and Risk Committee held on 24 September 2005. The Board noted that minor amendment was needed at paragraph 27 of the minutes to reflect that external audit assistance may be required to undertake the audits agreed under the SHEC safety audit plan.

Agenda Item 17: Any Other Business

46. The Operations Director informed the Board of an emerging risk with the overhaul programme. He said that there is a problem with CAF's supplier in Spain for availability of the wheelsets. He said that he has four wheelsets in stock at Polmadie, but the remaining 32 sets are in Spain waiting to be worked on. He said that the bearing extension work was being undertaken as a contingency measure, but this work is now going to be a dependency, and the worst case scenario is that coaches will have to be taken out of service which will be a key risk over the busy Christmas period.

47. The Managing Director said that matters were being progressed to speak to the right people in CAF to try and resolve this. The Chair said that, if necessary, CSL should send someone to Spain to expedite resolution of this given the importance to minimise disruption to service.

48. The Chair said that the Board agendas need to be more manageable to allow sufficient time for Board discussion of agenda items and she asked the Board Secretary to work with the CSL Executive on agenda planning.

49. SRH General Counsel said that SRH had recently published its publication scheme. He said that there are items that CSL should be publishing on its own website including senior staff salary information, copies of Board minutes, with necessary redactions etc. CSL General Counsel noted that CSL also already has a publication scheme and had been working on publication of the items mentioned, including historic board minutes for which internal approvals had previously been requested from SRH. It was agreed with the SRH General Counsel that the CSL General Counsel should now take this forward directly but could seek any further input where necessary.

Agenda Item 18: Date of Next Meeting

50. A special meeting of the Board will be held on 10 November 2025 to consider and approve the Annual Report and Accounts.

51. The next regular meeting of the Board will be held on 26 November 2025.